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SECRET

April 20, 1981

Subject: Agreement for microfilming in FAREG

There is attached, for microfilming in FAREG, a copy of the agreement described below. The record copy of the agreement is being retained in L/T. At a later date it will be sent to the National Archives for permanent filing among the treaty records.

Agreement between the United States and Pakistan for assistance in the transport of relief commodities to Afghan refugee camps in Pakistan. Signed at Islamabad Sept. 30, 1981. Entered into force Sept. 30, 1981.

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GRANT AGREEMENT, DATED SEPTEMBER 30, 1981, BETWEEN
THE UNITED STATES OF AMERICA, ACTING THROUGH THE
BUREAU FOR REFUGEE PROGRAMS, DEPARTMENT OF STATE
("GRANTOR") AND THE ISLAMIC REPUBLIC OF PAKISTAN,
ACTING THROUGH ITS PRESIDENT ("GRANTEE").

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BEST COPY AVAILABLE

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ARTICLE 1

The Grant

To finance the costs of certain commodities and commodity-related services ("eligible items") necessary for transportation in support of the Afghan Refugee Relief Program in Pakistan, the United States pursuant to the Migration and Refugee Assistance Act of 1962, as amended, agrees to grant the Government of Pakistan under the terms of this agreement, not to exceed eight million United States dollars (\$8,000,000) ("Grant").

ARTICLE 2

Eligible Items, Source

Section 2.1. Eligible Items. The commodities eligible for financing under this grant shall be trucks, equipment for two small truck maintenance facilities, and spare parts, the detailed specification for which shall be mutually agreed upon by the parties. Transportation costs to a point of entry in Pakistan, Marine Insurance, and other commodity-related services, training in operation and maintenance and other incidental services are also eligible for financing under this grant.

Section 2.2. Procurement Source. All eligible items shall have their source and origin in the United States of America except as Grantor may otherwise authorize. Commodities will be manufactured in the United States. Transportation will be on aircraft or ocean vessels under flag registration of the United States. And Marine Insurance will be provided by a United States company.

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Section 2.3. Eligibility Date. No commodities or commodity-related services may be financed under this grant if they were procured pursuant to orders or to contracts firmly placed or entered into prior to the date of this agreement.

ARTICLE 3

Procurement and Disbursement

Section 3.1. Procurement Procedure. Grantee will procure the eligible items using competitive negotiated procedures. Grantee will give fair and equal opportunity to participate to all United States firms known to be capable of supplying the required commodity. Award(s) will be made to the firm(s) whose offer(s) is (are) most advantageous, price and other factors considered.

Section 3.2. Assistance by Grantor. Grantor or its designee will assist the Grantee in the preparation of specifications, requests for quotations, evaluation of offers, negotiations and award of contracts and other procurement related activities.

Section 3.3. Approval by Grantor. Grantee will not issue request for quotations nor award contracts without the prior written approval of Grantor.

Section 3.4. Disbursement of Funds. Disbursement of funds will be by Letters of Commitment issued by Grantor to suppliers and contractors in accordance with the terms of the parties' agreement in writing. No letter of commitment shall be a disbursement authorization under the Agreement except as the parties may agree in writing.

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ARTICLE 4

Utilization, Operation and Maintenance

Section 4.1. Covenants. Grantee shall cause the commodities financed under this Grant to be effectively used for transportation in support of the Afghan Refugee Relief Program in Pakistan. To this end, the Grantee covenants as follows:

(a) Trucks will be promptly (within thirty days after unloading from vessels) processed through Customs at port(s) of entry and put into service.

(b) Trucks will be operated and maintained in good working order throughout their useful life. Other than the spare parts and maintenance equipment financed under this Grant, the resources, including personnel, fuel and lubricants, necessary to accomplish this will be provided by the Grantee from sources other than this Grant.

(c) Spare parts and maintenance equipment financed under this grant will be effectively used to support the trucks financed under this Grant. These commodities will be promptly processed through Customs and stored in protected facilities for use when needed.

Section 4.2. Disposal, Re-Export. Grantee will assure that commodities financed under this Grant will not be disposed of or re-exported unless authorized in writing by the Grantor.

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ARTICLE 5

Information and Reports

Section 5.1. Completeness of Information. The Grantee confirms that the fact and circumstances of which it has informed Grantor in the course of reaching agreement on the Grant are accurate and complete and include all facts and circumstances that might materially affect the Grant and the discharge of responsibilities under this agreement. Grantee will inform Grantor in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant or the discharge of responsibilities under this Agreement.

Section 5.2. Books and Records. Grantee will maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, such books and records as are necessary to account for the commodities and commodity-related services financed by this Grant. Such books and records shall be maintained for three years after the date of last disbursement by Grantor under this Grant.

Section 5.3. Inspection. Grantee will afford Grantor or its authorized representative the opportunity at all reasonable times during the three year period to inspect the books and records or the commodities at any point, including the point of use.

Section 5.4. Reports Grantee will prepare or cause to be prepared and will furnish to Grantor such reports and information relating to the commodities and commodity-related services financed by this Grant and the performance of Grantee's

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obligation under this agreement as Grantor may reasonably request, including plans for deployment, operation and maintenance of the commodity.

ARTICLE 6

Taxation, Other Payments

Section 6.1. Taxation. This Agreement and Grant will be free from any taxation or fees imposed under laws in effect in Pakistan.

Section 6.2. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of commodities or services financed under the Grant.

ARTICLE 7

Termination, Remedies

Section 7.1. Termination. This agreement may be terminated by mutual agreement of the parties at any time. Grantor may terminate this agreement by giving Grantee thirty (30) days written notice.

Section 7.2. Suspension. If at any time

(a) Grantee shall fail to comply with any provision of this agreement or

(b) Any representation or warranty made by or on behalf of Grantee with respect to obtaining this Grant or made or required to be made under this agreement is incorrect in any material respect

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If the Grantor determines that Grantor determines to be an extraordinary circumstance that makes it improbable either that the purposes of the Grant will be attained or that the Grantee will be able to perform its obligations under this agreement; then Grantor may:

- (1) Suspend or cancel outstanding commitment documents to the extent that they have not been utilized through irrevocable commitments to third parties or otherwise, or to the extent that Grantor has not made direct reimbursement to the Grantee thereunder, giving prompt notice to Grantee thereafter;
- (2) Decline to issue additional commitment documents or to make disbursements other than under existing ones; and
- (3) At Grantor's expense, direct that title to commodities financed under the grant be vested in Grantor if the commodities are in a deliverable state and have not been offloaded in ports of entry of Pakistan.

Section 7.3. Cancellation by Grantor. If, within sixty (60) days from the date of any suspension of disbursement pursuant to Section 7.2, the cause or causes thereof have not been corrected, Grantor may cancel any part of the Grant that is not then disbursed or irrevocably committed to third parties.

Section 7.4. Refunds.

(a) If Grantor determines that the Grant is not used in accordance with the terms of the agreement, Grantor may require the Grantee to refund the amount not so used in U.S. dollars to Grantor within sixty (60) days of receipt of request therefor. Refunds

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paid by the Grantee to Grantor resulting from violations of the terms of this agreement shall be considered as a reduction in the amount of Grantor's obligation under the agreement and shall be available for reuse under the agreement if authorized by Grantor writing.

(b) The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this agreement, for two (2) years from the date of the last disbursement under the agreement.

Section 7.5. Nonwaiver of Remedies. No delay in exercising or omitting to exercise any right or remedy accruing to Grantor under this agreement will be construed as a waiver of such rights, powers, or remedies.

ARTICLE 8

Representatives

Section 8.1. Grantee. For all purposes relevant to this agreement Grantee will be represented by the individual holding or acting as Joint Secretary, Economic Affairs Division, Ministry of Finance Planning and Economic Coordination. By written notice will designate additional representatives as follows:

- (a) In the Pakistan Embassy in Washington, D.C. to be responsible for procurement activities.
- (b) In the National Logistics Cell to be responsible for utilization, operation, and maintenance.

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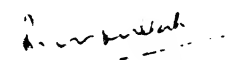
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Section 2. Grantor. For all purposes relevant to this Agreement, Grantor will be represented by the individual holding or acting in the office of United States Ambassador to Pakistan or by the individual holding or acting in the office of Director of the Bureau for Refugee Programs, Department of State.

Section 2.3. Names of Additional Representatives. Grantee will provide the names of the additional representatives, with specimen signatures, to Grantor, who may accept as duly authorized any instrument signed by such representatives in implementation of this agreement, until receipt of written notice of revocation of their authority.

Done at Islamabad, this 30th day of September, 1981, in duplicate.


FOR THE UNITED STATES OF AMERICA


FOR THE ISLAMIC REPUBLIC
OF PAKISTAN